

# Proposed Equal Value Land Exchange

The State will exchange Payette Lake cottage site lots  
for a privately owned commercial property in Nampa  
For Land Board consideration on October 15, 2013

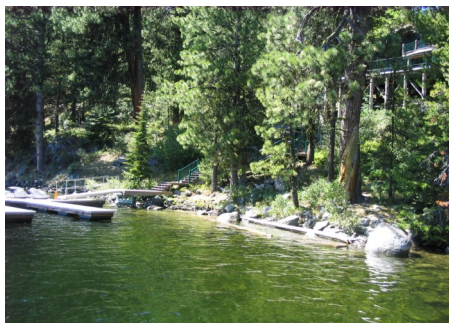


## State's Offer

**11 Payette Lake cottage site lots**  
appraised at \$2.5 million

3 lakefront lots  
8 second tier lots  
3.39 acres  
Fee simple land only

Currently generating \$103,000 per year,  
or a 4 percent cash return on gross receipts



Payette Lake cottage site lot

## Private Party's Offer

**Commercial building in Nampa**  
appraised at \$2.3 million  
+ \$200,000 cash

1.29 acres  
10,603 sq. ft. building  
(currently leased)

Current net operating income = \$166,416 per year,  
or a 7.24 percent cash return



16034 Equine Drive in Nampa

- ⇒ The McCall properties currently owned by the State will transfer to private ownership, enabling Valley County to assess property tax on them.
- ⇒ The Nampa commercial building will transfer into State ownership and no longer will be assessed property tax in Canyon County. To put this in perspective, **since statehood the State of Idaho has sold more than 1 million acres of original land grants to private parties, including 34,500 acres in Canyon County.**
- ⇒ The exchange will result in at least \$166,000 per year, a more than **\$63,000 per year increase in cash returns, equating to a 7.24 percent cash return**, for the endowment fund that benefits Idaho State University & Lewis-Clark State College
  - The additional income **lessens the burden on taxpayers** to fund these State institutions
  - The increase is **consistent with a Constitutional mandate** to maximize long-term financial returns to the beneficiaries in the management of the lands
  - Land exchanges involving properties of equal value are **authorized by Article IX Section 8 of the Idaho Constitution**
  - In transactions, the **appraised value of the properties** (not the assessed value) **is used to determine market value.** Appraisals are conducted by third party professionals and follow the Uniform Standards of Professional Appraisal Practice (USPAP).
  - Oversight, review, and due diligence:** Even before an appraisal is ordered on a commercial property, IDL staff research appraisers with the necessary commercial property evaluation experience and expertise. The IDL utilizes internal processes in the review of property appraisals, which includes review by staff professionals with extensive backgrounds in finance, accounting, and business. The IDL also follows required due diligence steps outlined in its Asset Management Plan in the exploration of a proposed land exchange. Lastly, Land Board members and their staff are kept apprised of progress in the due diligence steps along the way. These many steps ensure an acceptable level of review takes place in the consideration of proposed land exchanges.
- ⇒ The **State will not undercut the commercial real estate market** with its rental rates because the IDL must charge market driven rents. Like State endowment owned forestlands that compete with privately owned lands in the sale of timber, the IDL must charge a market price for the use of the asset.
- ⇒ This is one of several future land exchanges and sale auctions that will divest State ownership of hundreds of State endowment owned cottage site lots over time. In fact, in 2013 alone the IDL expects to move more than 100 lots, or roughly 20 percent of the total number of lots owned by the State, into private ownership.
- ⇒ While the State is only involved in the direct exchange of property with EP Crossings, ultimately EP Crossings will work with the families that currently lease the cottage site lots from the State but own the cabins on them, to determine the eventual ownership of the lots.